

MISSING PAGE

ORIGINAL DOCUMENT MISSING PAGE(S):

TAB 6 MISSING

DOS review completed

State Dept. declassification &
release instructions on file

5 JUN 1948

46
TOP SECRET
CONFIDENTIAL

704

GENERAL

1. Bevin's views on US-UK policy regarding Germany--Foreign Secretary Bevin, in discussing the scheduled program for Germany with Ambassador Douglas on 4 June, stated that, while the UK is prepared to proceed with the US regardless of the French attitude, some of his colleagues are a "little uneasy" lest Britain find itself alone in the event that the US-UK policies proved to be more provocative to the USSR than now appears to be the case. Bevin made it clear to Douglas that the UK is determined to go ahead with the program for western Germany and that he was merely expressing an apprehension that congressional action might not sustain the firmness of the US executive branch.
2. Reaction to proposed cut in ECA funds--Available reports from US diplomatic missions indicate that the action of the House Appropriations Committee in recommending a reduction in appropriations for European recovery has produced an initial reaction of dismay in the participating countries and has raised doubts as to the extent to which US long-range support of European recovery can be depended upon. A summary of principal reactions and comments by US missions follows:

Italy: US Embassy Rome reports a widespread feeling of disappointment and confusion at what appears to be a US retreat from support of its commitments for Italian and European recovery. The Italian Minister of Foreign Affairs, Count Sforza, has expressed his concern to US Ambassador Dunn and has declared that "the whole machinery of recovery might be substantially decreased, if the global amount needed for the goal is reduced." Government officials are disturbed by the prospect of attacks from the extreme Left and the effect such attacks might have in Parliament at a time when the new Cabinet needs a vote of confidence by a large majority.

State Dept. declassification &
release instructions on file

Document No. 056

NO CHANGE in Class. ☐☐ DECLASSIFIED

- 1 -

Class. CHANGED TO: TS S (c)

Auth: DBA MEMO, 6 Apr 77
DBA REG. 77/1783Date: 14 MAR 1978 By: TOP SECRET
CONFIDENTIAL

25X1

TOP SECRET

France: US Embassy Paris points out that any substantial cut in the appropriation will: (a) greatly strengthen Communist propaganda, which will exploit the action as evidence of uncertain US interest in European recovery and of the consequent necessity that France should also cooperate with the USSR; (b) seriously dislocate and jeopardize the Government's internal economic stabilization program and expose the Government to charges of gullibility and incompetence; and (c) weaken the essentially democratic forces of the center represented in the present "third-force" coalition.

Austria: US Legation Vienna reports that Communist and Soviet newspapers are jubilantly featuring the recommended appropriation cut on their front pages as heralding the "collapse of the present plan." The Legation believes that the proposed reduction would make it impossible to maintain in Austria even the present inadequate standard of living and that it will almost certainly be interpreted, even by the friendly Austrian population, as demonstrating the failure of the European recovery plan.

Denmark: The Foreign Office has informed US Embassy Copenhagen that the Danish Government "cannot but take a very serious view of such a reduction." The Embassy is convinced that the House Committee's action at this juncture will seriously damage Danish confidence in US intentions and performance.

Switzerland: US Legation Bern believes that the projected reductions will have a serious political effect, bolstering the cause of the important Swiss political element which favors the traditional Swiss policy of neutrality rather than solidarity with western European countries. The Legation believes that alteration of the US program at this time will lead to charges of US "capriciousness."

- 2 -

TOP SECRET

~~TOP SECRET~~
~~CONFIDENTIAL~~

Greece: US Embassy Athens comments that the Greeks can be expected to take a pessimistic and even alarmist view of the proposed cut in European recovery and military allocations to Greece. The Embassy believes that such action is likely: (a) to undermine efforts previously made to hold the line against Communism; and (b) to furnish ammunition to those who declare that the US is at heart isolationist and can not be relied upon to carry through its foreign affairs program.

Turkey: US Embassy Ankara comments that a substantial appropriations cut would result in a "feeling of utter frustration and confusion on the part of the Turks as to US policy regarding European recovery and Turkey's position therein."

THE AMERICAS

3. PARAGUAY: Extremists apparently victorious in coup-- US Ambassador Warren in Asuncion reports, concerning the 3 June coup which caused the resignation of President Morinigo, that President-elect Gonzalez has expressed regret over the occurrence, and has implied that he was not the instigator of the plot. Warren adds that the coup appears to be a victory for the Guion Rojo (the extremist faction of Paraguay's only active political party) which has sponsored Gonzalez.

(CIA Comment: [REDACTED])

[REDACTED] It seems unlikely that any group which emerges victorious either (a) will bring a moderate and truly representative government to Paraguay; or (b) will deviate from the Morinigo government's policy of seeking US friendship and financial and diplomatic aid as a counter to Argentine influence.)

25X1
25X1
25X1

~~TOP SECRET~~
~~CONFIDENTIAL~~